

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 EB-07 IGA-01 MC-02 OMB-01 TRSE-00

CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

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SECDEF WASHDC

INFO USDOC

DA WASHDC

CDR USAMC-AMCIL

CINCPAC

CONFIDENTIAL SEOUL 7076

DA FOR DALO-IL; CINCPAC FOR POLAD

EO 11652: GDS

TAGS: MASS, MPOL, MMOL, BEXP, EMAG, KS

SUBJECT: SOUTH KOREAN DECISION TO COPRODUCE M-60 TANK/REQUEST

FOR US OFFICIAL AND PRIVATE SECTOR ASSISTANCE TO ROK TEAMS

VISITING US.

REF:

A. CJUSMAG-K 280205AUG 75

B. DALO-ILP 032114Z SEP 75

C. CJUSMAG-K 050818Z SEP 75

1. AS INDICATED REFERENCED MESSAGES, (BEING REPEATED TO STATE), BECAUSE OF COST OF M-48 TANK UPGRADE AND LACK OF ADDITIONAL M-48 CHASIS TO REPLACE DETERIORATING M-47S, ROKG HAS MADE DECISION TO SHELV M-48 TANK UPGRADE PROGRAM AND IS LOOKING INTO POSSIBILITIES OF CO-PRODUCTING ONE HUNDRED THIRTY M-60 TANKS TO REPLACE M-47'S. ACCORDING MND, HYUNDAE SHIPBUILDING HAS BEEN SELECTED BY THE GOVERNMENT AS CONFIDENTIAL

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THE PRIME DEFENSE CONTRACTOR FOR THE M-60, TAKING

THE PLACE OF FORMER PRIME CONTRACTOR HANKUK MACHINE COMPANY (HMC), AND A GROUP OF HYUNDAE AND ROKG OFFICIALS HAS JUST DEPARTED FOR THE UNITED STATES TO TALK WITH USG OFFICIALS AND COMMERCIAL MANUFACTURERS.

2. IT NOW APPEARS THAT A SECOND COMPANY, THE SAMSUNG BUSINESS GROUP, MAY ALSO BE IN THE RUNNING TO CO-PRODUCE THE M-60. IN SEPTEMBER 5 MEETING WITH AMBASSADOR, SAMSUN PRESIDENT LEE UN-TAEK SAID THAT HIS COMPANY, WHICH IS LARGEST BUSINESS/TRADING GROUP IN ROK, WAS NEGOTIATING FOR ACQUISITION OF HMC FROM ROKG AND THAT SAMSUNG HAS UNOFFICIALLY BEEN REQUESTED BY BLUE HOUSE SECRETARY O WON-CHUL TO ASSEMBLE PROPOSAL FOR LICENSED PRODUCTION OF TANK. ACCORDING LEE, BLUE HOUSE FEARS PRESENT PRIME CONTRACTOR HYUNDAE WILL ENCOUNTER FINANCIAL DIFFICULTIES AND DROP PROJECT LEADERSHIP. AFTER OUTLINING ABOVE, PRESIDENT LEE REQUESTED THAT EMBASSY ARRANGE APPROVAL FOR SAMSUNG TEAM (COMPRISED OF LEE AND RETIRED ADMIRAL CHA SU KAP) TO VISIT CHRYSLER AND FOOD MACHINERY CORPORATION (SAN JOSE, CALIFORNIA) LATE SEPTEMBER 75. VISIT TO LATTER FIRM IN PURSUIT SAMSUNG INTEREST IN LICENSED PRODUCTION OF M-113 VEHICLE.

3. WE UNDERSTAND ARMY'S ORIGINAL RELUCTANCE EXPRESSED REF. B TO MAKE ARRANGEMENTS FOR KOREANS TO DISCUSS M-60 AT THIS TIME. KOREANS APPEAR DETERMINED TO MOVE AHEAD RAPIDLY WITH THEIR INVESTIGATIONS HOWEVER, AND IF WE ARE TO STAY ON TOP FAST MOVING SITUATION WE BELIEVE WE MUST BE AS ACCOMMODATING AS POSSIBLE WITHOUT, OF COURSE, MAKING ANY COMMITMENT REGARDING CO-PRODUCTION (KOREANS HAVE INCIDENTALLY, BEEN CAUTIONED ON THIS LATTER POINT). LEE UN-TAEK'S EXPLANATION OF HIS INTEREST IN M-60 APPEARS LEGITIMATE. MOREOVER, WE BELIEVE KOREANS ALSO CONSIDERING POSSIBILITY OF CO-PRODUCING AND/OR PURCHASING THIRD COUNTRY TANKS, PRINCIPAL CANDIDATE BEING WEST GERMAN LEOPARD AND THAT WE SHOULD DO ALL POSSIBLE TO STAY IN WHATEVER COMPETITION MIGHT DEVELOP. ACCORDINGLY, EMB/JUSMAG RECOMMEND LEE AND ADMIRAL CHA BE GIVEN ALL POSSIBLE ASSISTANCE, AND THAT APPROVAL FOR REQUESTED VISITS BE GRANTED.

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